



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
TRIMBLE COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2001

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE TRIMBLE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Auditor of Public Accounts has completed the Trimble County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$661,942 from the prior fiscal year, resulting in a cash surplus of \$3,360,252 as of June 30, 2001. Revenues increased by \$957,468 from the prior year and disbursements increased by \$327,855.

Debt Obligations:

Capital lease principal agreements totaled \$119,900 as of June 30, 2001. Future principal and interest payments of \$145,622 are needed to meet these obligations.

Report Comments:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ray Clem, Trimble County Judge/Executive
Members of the Trimble County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Trimble County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Trimble County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Trimble County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001 of Trimble County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ray Clem, Trimble County Judge/Executive
Members of the Trimble County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated May 16, 2002 on our consideration of Trimble County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Trimble County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 16, 2002

TRIMBLE COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

Fiscal Court Members:

Ray Clem	County Judge/Executive
Norvel Barnes	Magistrate
Mike Dunaway	Magistrate
Stephen Stark	Magistrate
Richard Webster	Magistrate

Other Elected Officials:

Perry Arnold	County Attorney
Keith Harmon	Jailer
Jerry Powell	County Clerk
June Ginn	Circuit Court Clerk
Denny Long	Sheriff
Glen Perkinson	Property Valuation Administrator
William Ransdell	Coroner

Appointed Personnel:

Dawnice Moll	County Treasurer
Leslie Hawkins	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

TRIMBLE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Type

General Fund:		
Cash	\$	1,080,528
Road and Bridge Fund:		
Cash		402,903
Jail Fund:		
Cash		692
Local Government Economic Assistance Fund:		
Cash		279
License Fee Fund:		
Cash		1,875,223
Child Abuse Fund:		
Cash		627
Payroll Revolving Account - Cash	<u>5,178</u>	\$ 3,365,430

Other Resources

General Fund Type

General Fund:		
Amounts to be Provided in Future Years for Capital		
Lease Obligations - Principal Payments (Note 4)		<u>119,900</u>
Total Assets and Other Resources		<u>\$ 3,485,330</u>

The accompanying notes are an integral part of the financial statements.

TRIMBLE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund:

Capital Lease Obligation - Principal Payments (Note 4)	\$	119,900	
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Payroll Revolving Account		<u>5,178</u>	\$	125,078
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Fund Balances

Reserved:

General Fund Type

Child Abuse Fund				627
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Unreserved:

General Fund Type

General Fund	\$	1,080,528		
Road and Bridge Fund		402,903		
Jail Fund		692		
Local Government Economic Assistance Fund		279		
License Fee Fund		<u>1,875,223</u>		<u>3,359,625</u>
Total Liabilities and Fund Balances			\$	<u><u>3,485,330</u></u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TRIMBLE COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,505,439	\$ 1,765,707	\$ 610,233	\$ 31,564
Transfers In	212,756	22,165	49,200	103,586
Total Cash Receipts	<u>\$ 2,718,195</u>	<u>\$ 1,787,872</u>	<u>\$ 659,433</u>	<u>\$ 135,150</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 1,830,897	\$ 895,888	\$ 743,967	\$ 136,668
Transfers Out	212,756	190,591		
Capital Lease Principal Paid	12,600	12,600		
Total Cash Disbursements	<u>\$ 2,056,253</u>	<u>\$ 1,099,079</u>	<u>\$ 743,967</u>	<u>\$ 136,668</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 661,942	\$ 688,793	\$ (84,534)	\$ (1,518)
Cash Balance - July 1, 2000	<u>2,698,310</u>	<u>391,735</u>	<u>487,437</u>	<u>2,210</u>
Cash Balance - June 30, 2001	<u><u>\$ 3,360,252</u></u>	<u><u>\$ 1,080,528</u></u>	<u><u>\$ 402,903</u></u>	<u><u>\$ 692</u></u>

The accompanying notes are an integral part of the financial statements.

TRIMBLE COUNTY
 STATEMENT OF CASH RECEIPTS, CASH
 DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

General Fund Types			
Local Government Economic Assistance Fund	License Fee Fund	Waste Management Fund	Child Abuse Fund
\$ 4,238	\$ 93,221	\$ 476	\$
37,805			
\$ 42,043	\$ 93,221	\$ 476	\$ 0
\$ 54,374	\$	\$ 22,165	\$
\$ 54,374	\$	\$ 22,165	\$
\$ (12,331)	\$ 93,221	\$ (21,689)	\$
12,610	1,782,002	21,689	627
\$ 279	\$ 1,875,223	\$ 0	\$ 627

The accompanying notes are an integral part of the financial statements.

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Trimble County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Trimble County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Trimble County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Trimble County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Trimble County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, License Fee Fund, Waste Management Fund, and the Child Abuse Fund.

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Trimble County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. As of June 30, 2001, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$182,678 of public funds uninsured and unsecured. In addition, the county did not have a written agreement with the depository institution securing the county's interest in the collateral.

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of June 30, 2001, with deposits held at Farmers Bank of Milton.

	<u>Bank Balance</u>
Insured or collateralized with securities held by the county's agent in the county's name	\$ 3,311,632
Uncollateralized and uninsured	<u>182,678</u>
Total	<u><u>\$ 3,494,310</u></u>

TRIMBLE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2001
 (Continued)

Note 4. Capital Lease

On December 31, 1998, the fiscal court entered into a lease agreement with the Kentucky Area Development Districts Financing Trust to borrow \$148,000 at 4.96 percent for the purchase of a fire truck for the Bedford Fire Department. The county will make semi-annual payments of varying amounts for 10 years in accordance with the contract. Principal lease payment requirements and scheduled interest for the remaining term of the contract are as follows:

<u>Fiscal Year Ended</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 2002	\$ 5,786	\$ 13,200
June 30, 2003	5,121	13,900
June 30, 2004	4,424	14,600
June 30, 2005	3,690	15,300
June 30, 2006	2,924	16,000
Thereafter	<u>3,777</u>	<u>46,900</u>
Totals	<u>\$ 25,722</u>	<u>\$ 119,900</u>

Note 5. Dog License Account

The county had a dog license account that was used for the state portion of the dog license fees. The account had a zero beginning balance and no receipts or disbursements during the fiscal year. The account was closed in August 2000.

Note 6. Subsequent Event

On April 22, 2002, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust to borrow \$650,000, at an interest of 3.97% for the renovation of the courthouse.

Note 7. Insurance

For the fiscal year ended June 30, 2001, Trimble County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

TRIMBLE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,545,444	\$ 1,765,707	\$ 220,263
Road and Bridge Fund	607,819	610,233	2,414
Jail Fund	207,235	31,564	(175,671)
Local Government Economic Assistance Fund	49,250	4,238	(45,012)
License Fee Fund	(67,000)	93,221	160,221
Waste Management Fund		476	476
Totals	<u>\$ 2,342,748</u>	<u>\$ 2,505,439</u>	<u>\$ 162,691</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 2,342,748
Add: Budgeted Prior Year Surplus	432,949
Less: Other Financing Uses	<u>(12,600)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 2,763,097</u>

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SCHEDULE OF OPERATING REVENUE

TRIMBLE COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

	<u>GOVERNMENTAL FUND TYPE</u>
<u>Revenue Categories</u>	<u>General Fund Type</u>
Taxes	\$ 287,126
Excess Fees	38,441
Licenses and Permits	803,509
Intergovernmental Revenues	1,177,288
Miscellaneous Revenues	85,882
Interest Earned	<u>113,193</u>
Total Operating Revenue	<u><u>\$ 2,505,439</u></u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

TRIMBLE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 482,965	\$ 435,072	\$ 47,893
Protection to Persons and Property	354,308	285,958	68,350
General Health and Sanitation	100,826	62,870	37,956
Social Services	7,095	6,997	98
Recreation and Culture	254,022	52,676	201,346
Roads	803,714	691,422	112,292
Debt Service	6,418	6,418	
Capital Projects	200,000		200,000
Administration	553,749	289,484	264,265
Total Operating Budget - All General Fund Types	\$ 2,763,097	\$ 1,830,897	\$ 932,200
Other Financing Uses:			
Capital Lease Agreement- Principal on Lease	12,600	12,600	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 2,775,697</u>	<u>\$ 1,843,497</u>	<u>\$ 932,200</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

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Honorable Ray Clem, Trimble County Judge/Executive
Members of the Trimble County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Trimble County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated May 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Trimble County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation.

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trimble County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 16, 2002

COMMENT AND RECOMMENDATION

TRIMBLE COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 2001

NONCOMPLIANCES

The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

On June 30, 2001, \$182,678 of the county's deposits of public funds held at Farmers Bank of Milton were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The county should require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times. We also recommend the county enter into a written agreement with the depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

County Judge/Executive Ray Clem's Response:

None.

PRIOR YEAR FINDINGS

The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

On June 30, 2000, \$106,541 of the county's deposits of public funds in depository institutions was uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the county require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

This has not been corrected and is commented on in the current year report.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

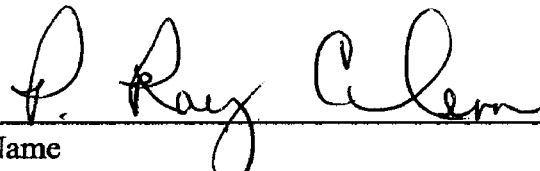
TRIMBLE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

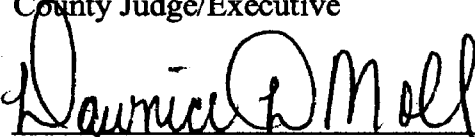
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
TRIMBLE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Trimble County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer